

Message Text

LIMITED OFFICIAL USE

PAGE 01 MONROV 08807 232213Z

ACTION AF-10

INFO OCT-01 ISO-00 NEA-10 SOE-01 AID-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-08 DOE-12 H-01 INR-07 INT-05

L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07

SP-02 SS-15 STR-05 TRSE-00 ACDA-12 PA-01 PRS-01

/124 W

-----006653 240457Z /10

R 230959Z DEC 77

FM AMEMBASSY MONROVIA

TO SECSTATE WASHDC 7515

LIMITED OFFICIAL USE MONROVIA 8807

E.O. 11652: N/A

TAGS: EINV, ENRG, LI

SUBJECT: NEGOTIATIONS FOR OIL REFINERY CONCESSION BY COAXTULRD
STATE GAS CORPORATION

1. DEPUTY FINANCE MINISTER PADMORE TOLD CHARGE ON DECEMBER 21 THAT NEGOTIATIONS BETWEEN GOLIAND COASTAL STATES GAS CORPORATION OF HOUSTON, TEXAS, FOR CONCESSION AGREEMENT COVERING MANAGEMENT AND OPERATION OF THE LRC (LIBERIA REFINING COMPANY) OIL REFINERY HAVE HIT SOME SNAGS. ONE OF THE ISSUES IS THE REQUEST BY COASTAL STATES FOR A GUARANTEED RETURN ON GROSS INVESTMENT OF 25 PERCENT. GROSS INVESTMENT WOULD INCLUDE EQUITY CAPITAL, WORKING CAPITAL AND BORROWED CAPITAL. BASED ON THIS RETURN, PROJECTION OF OIL REFINERY COMPANY'S FINANCES BY FINANCE MINISTRY INDICATES A TREMENDOUS CASH FLOW AND BUILD-UP OF CASH RESERVES. FINANCE MINISTRY IS CONCERNED ABOUT THE CONSEQUENCES OF SUCH A DEVELOPMENT ON INTERNAL PETROLEUM PRICES AND CONSEQUENT FUEL COST INCREASES FOR MAJOR CONCESSIONNAIRAS, LIBZRIA ELECTRICITY CORPORATION, AND POSSIBLE NEW INVESTORS.

2. PADMORE ALSO QUESTIONED THE VERY LIBERAL DEPRECIATION ALLOWANCE REQUESTED BY COASTAL STATES. HE MENTIONED THAT WITH
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MONROV 08807 232213Z

A GUARANTEED RETURN ON INVESTMENT OF 25 PERCENT THAT THE REQUESTED DEPRECIATION ALLOWANCE MAY BE TOO HIGH. HE ALSO FELT UNEASY THAT WITH THE ROREGOING FINANCIAL BENEFITS THE COMPANY MAY NOT BE CONCERNED WITH IMPROVING EFFICIENCY OF REFINERY OPERATIONS.

3. COASTAL STATES HAS ALSO ASKED THAT THE PRESENT OIL REFINERY

BE THE ONLY ONE AUTHORIZED IN LIBERIA. PADMORE INDICATED THAT GOL WAS RELUCTANT TO ACCEPT SUCH A PRIVISION SINCE IT WOULD RULE OUT ANY EXPORT REFINERY, A PROJECT IN WHICH GOL HAS HAD SOME INTEREST. GOL ALSO FEELS THAT ANY COMPANY THAT MIGHT DISCOVER COMMERCIAL QUANTITIES OF OIL IN LIBERIA (A HOPE THAT NEVER DIES) SHOULD NOT BE DENIED RIGHT TO BUILD A REFINERY TO PROCESS THE CRUDE.

4. PADMORE THOUGHT THAT THERE IS ROOM FORICOMPROMISE ON THESE OUTSTANDING ISSUES. HE HAS CONTACTEDIFIRECTLY MR. OSCAR WYATT, BOARD CHAIRMAN OF COASTAL STATES, IN AN EFFORT TO KEEP NEGOLIATIONS ALIVE.
HORAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: OILS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MONROV08807
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770480-0968
Format: TEL
From: MONROVIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771222/aaaaarzo.tel
Line Count: 75
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 96c0cafd-c188-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 139650
Secure: OPEN
Status: NATIVE
Subject: NEGOTIATIONS FOR OIL REFINERY CONCESSION BY COAXTULRD STATE GAS CORPORATION
TAGS: EINV, ENRG, LI, STATE
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/96c0cafd-c188-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009